SUPREME COURT, U. S.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-1098

LOUIS GILBERT DUBUIT,

Petitioner,

vs.

HARWELL ENTERPRISES, INC.
and ROY M. HARWELL, JR.,

Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

Petitioner respectfully prays that a Writ of Certiorari issue to review the order of the United States Court of Appeals for the Fourth Circuit in its Cause No. 73-1234, entered October 15, 1973.

OPINIONS BELOW.

The Decision of the Fourth Circuit Court of Appeals in this cause is set forth in the Appendix to this Petition commencing at page 1a. As of this date, it has not been officially reported, however is unofficially reported at 179 USPQ 641.

The Order of the United States District Court for the Western District of North Carolina, Charlotte Division, finding the patent misused on summary judgment, is set forth in the Appendix to this Petition commencing at page [3a]. This Decision is reported at 336 FS 1184, 171 USPQ 550 (1971). The decision refusing Dubuit's motion to purge misuse is found at [34a] of the Appendix. 175 USPQ 484. The decision of the same United States District Court, following a trial of the issues, is set forth in the Appendix to this Petition commencing at page [8a]. It is unofficially reported at 178 USPQ 24 (1972).

JURISDICTION.

The order sought to be reviewed by this petition was entered on October 15, 1973.

The United States Code, Title 28, Section 1254(1) and Section 2101(c) confers jurisdiction on this Court to review the judgment in question by Writ of Certiorari.

QUESTIONS PRESENTED.

1. Did not the Fourth Circuit Court of Appeals grossly abuse its discretion and ignore the accepted procedures for appellate review by failing to review or vacate the trial court's summary judgment finding of patent misuse particularly since:

   (a) Patent misuse was found by the trial court on the basis of an agreement per se without taking any evidence on the parties' conduct under the agreement;

   (b) The judgment of patent misuse was certified by the trial court as involving a controlling question of law under 28 USC 1292(b);

   (c) The Fourth Circuit Court of Appeals refused to hear the certified question even though not opposed by the defendant;

   (d) The judgment of patent misuse will continue to seriously and adversely affect the future legal rights of petitioner; and,

   (e) Denial of appellate review on the grounds of mootness forecloses the petitioner from ever obtaining a review of the judgment.

2. Is not the standard for non-infringement established by the Fourth Circuit Court of Appeals in this case, and based on the novel theory that the accused device was "sufficiently dissimilar" to the patented device, in direct conflict with the established standard for determining infringement as announced by this Court and followed by decisions in other Courts of Appeals?

STATUTES AND RULES INVOLVED.

1. Supreme Court Rules, Rule 19(1)(b):
   "Where a court of appeals has rendered a decision in conflict with the decision of another court of appeals on the same matter . . . or has decided a federal question in a way in conflict with applicable decisions of this court or has so far departed from the accepted and usual course of judicial proceedings or so far sanctioned such a departure by a lower court as to call for an exercise of this court's power of supervision."

STATEMENT OF THE CASE.

This litigation involves a suit for infringement of U. S. Patent No. 3,090,300 on a Silk Screen Printing Machine, issued to and owned by Petitioner Louis G. Dubuit, a citizen of France (hereinafter Dubuit). The suit was brought against Harwell Enterprises, Inc., and Roy M. Harwell, Jr., in the Western District of North Carolina, Charlotte Division, the residence of the defendants. Dubuit filed a complaint against the defendants alleging patent infringement, libel, slander, and unfair competition. Dubuit was joined in the unfair competition count by American Screen Printing Equipment Company (hereinafter American) and Machines Dubuit (hereinafter Machines), a French corporation. American is the exclusive distributor in the United States of *all* of Machines' products, and Machines is a Paris-based manufacturer of a variety of goods, including screen printing presses, dryers and related products.

Defendants filed an answer and counterclaim, alleging unfair competition, asking that the patent be declared invalid and not infringed and demanding a jury trial. After some discovery was taken, defendants filed a motion for summary judgment on the ground that the exclusive distributor agreement between American and Machines constituted misuse of the patent *owned by Dubuit.*

Without the benefit of any factual inquiry into the conduct and circumstances surrounding the agreement, and despite the fact that the patent owner Dubuit was not party to the distributor agreement and no patents were even mentioned in the agreement, the trial court held that the distributor agreement was a patent misuse on the ground that it constituted an illegal tie compelling American to purchase unpatented products from Machines. The trial court certified its summary judgment decision under 28 USC 1292(b) as a controlling question of law, and defendant did not oppose the request; however, the Court of Appeals refused to grant an interlocutory hearing.

The distributor agreement was subsequently amended by American and Machines to eliminate the specific paragraph (8) on which the trial court had based its finding of misuse. Motions were filed to set aside the judgment of misuse after each amendment; however, the trial court refused to grant such motions (See Appendix at page [34a]. 175 USPQ 484), and instead submitted the question of purge of misuse to the jury notwithstanding Dubuit's motion, made in advance of trial, requesting that any reference to patent misuse or offer of proof be made outside the jury. The court denied Dubuit's motion without any opinion, and *frequent* reference was made to the patent misuse issue throughout the trial and in the instructions to the jury.

All issues, including purge of patent misuse, were submitted to the jury. The trial court's finding of patent misuse was undisturbed as it had entered judgment on that issue before the trial. Specific instructions on the issues of infringement, validity, and purge of misuse were submitted to the court by both parties; however, the trial court issued its own instructions without any conference with counsel so that counsel had no opportunity to object until after the jury was sent out. The jury found the patent valid, misuse not to be purged, and the patent not to be infringed.

Judgment was entered on the jury verdict and Dubuit appealed from the adverse findings in all of the judgments and orders, including the summary judgment of patent misuse. The two principal issues presented to the Fourth Circuit Court of Appeals were in the following order: 1) the trial court's erroneous finding of patent misuse; and, 2) the finding of non-infringement. The case was orally argued June 4, 1973, and finally decided on October 15, 1973, with the Court of Appeals affirming the finding of non-infringement on the grounds that ". . . the accused device was sufficiently dissimilar to sustain the jury's finding . . ." Though it also found the introduction of a later issued patent to the defendant to be irrelevant, it did not find this to constitute reversible error. It declined to review both the trial court's determination that the agreement between Machines and American constituted a patent misuse which somehow bound Dubuit, the patentee, and the issue of purge of misuse, declaring that the judgment of non-infringement mooted both of these issues. Accordingly, the judgment of the trial court is final as to Dubuit on the issue of patent misuse.

REASONS FOR GRANTING THE WRIT.

The decision below should be reviewed for two reasons: 1) it departs from accepted judicial procedure, as announced by this Court, in dismissing an appeal of a judgment of patent misuse as moot when such judgment will remain in effect and have a continuing adverse legal effect on the rights of the patentee, thereby nullifying his right to review; and, 2) it establishes an erroneous test of non-infringement in patent cases, which is so broad, vague and contrary to the established law that it will allow infringers to encroach upon a patentee's statutory and Constitutional rights by use of devices which are substantially the same in structure and function but appear "sufficiently dissimilar to the patented device". Touching on the merits, the Fourth Circuit Court of Appeals has allowed a District Court decision to stand which is clearly contrary to the law as set forth in the decisions of this Court relating to patent misuse and infringement.

I. THIS COURT'S POWER OF SUPERVISION SHOULD BE EXERCISED TO PREVENT AN UNWARRANTED DEPARTURE FROM ACCEPTED JUDICIAL PROCEDURE BY THE FOURTH CIRCUIT IN REFUSING TO REVIEW THE TRIAL COURT'S SUMMARY DECISION ON PATENT MISUSE AND TO PREVENT SERIOUS ADVERSE EFFECTS TO PETITIONER'S LEGAL RIGHTS AS A RESULT OF THIS DEPARTURE.

The Fourth Circuit Court of Appeals failed to consider the judgment of patent misuse which is currently in effect against the Petitioner, because it deemed this issue to have been mooted by the judgment of non-infringement.

Judgment on this issue does not moot the issue of patent misuse. The finding of misuse will continue to operate against the petitioner-patentee, Dubuit, and may seriously and adversely affect the future legal rights of Dubuit to enforce his valid patent by preventing him from obtaining injunctive relief or damages against even the most blatant infringement of the patent by those, including the defendants, who choose to make an *exact copy* of the patented press. This continuing summary judgment of misuse may seriously affect petitioner's patent rights in the same way that a prior conviction will affect the ability of a man to engage in certain businesses in the future, and therefore should be reviewed. See *Carafas* v. *LaVallee,* 391 US 234, (1968).

Even if a case has lost importance for the parties involved insofar as the principal subject matter is concerned, it should not be moot for the purpose of appeal where secondary questions of practical importance will turn on the result of the appeal. Thus, whenever a judgment, if left unreversed, will preclude the party against whom it is rendered as to a matter of fact or law vital to its rights, the case cannot properly be dismissed as moot. *Fishgold* v. *Sullivan Drydock and Repair Corp.,* 328 US 275, (1946); *FTC* v. *Goodyear Tire and Rubber Company,* 304 US 257, (1938); *Altvater* v. *Freeman,* 319 US 359, (1943); and *City of Miami* v. *McCory Stores Corp.,* 181 F.2d 368, (5th Cir. 1950).

Assuming arguendo, that the question of patent misuse is mooted by the judgment of non-infringement, the Court of Appeals seriously abused its discretion and departed substantially from accepted judicial procedure, as enunciated by this Court and followed by other federal and state

appellate courts, in dismissing the issue rather than remanding it with a direction to vacate the judgment.

Summary judgment of misuse was entered in this case prior to any trial or factual inquiry on the merits of the issue by the trial court. Both parties agreed, and the trial court certified, that the misuse question was a controlling issue of law in the case. The court of appeals, however, refused to grant a hearing on the issue. Thus, petitioner has been twice denied review of this question and is now in the position of being bound in future proceedings by this summarily granted decision which is contrary to the established law.

It is also significant that the finding of non-infringement, which allegedly mooted the misuse issue, was not caused by any fault of the petitioner. On the contrary, petitioner has made every attempt to secure appellate review under the statute and was in no way responsible for losing it. Giving res judicata or collateral estoppel effect to the trial court judgment on misuse would unnecessarily frustrate the legislative intent of appellate review under Title 28 of the U. S. Code. See Moore, *Federal Practice*, Volume IB, Section 0.416[6], page 2326.

In *The United States* v. *Munsingwear, Inc.*, 340 US 36 (1950), this Court held that an appellate court, when faced with an appeal in a case that had become moot, should vacate the judgment and remand with directions to dismiss, rather than simply dismiss the appeal. Mr. Justice Douglas, speaking for the Court, ruled that

> "The established practice of the Court in dealing with a civil case from a court in a federal system which has become moot while on its way here or pending our decision on the merits, is to reverse or

vacate the judgment below and remand with a direction to dismiss. That was said in *Duke Power Co.* v. *Greenwood County,* 299 US 259, 267, 81 L.ed. 178, 182, 57 S.ct. 202 (1936), to be the "duty of the appellate court". That procedure clears the path for future relitigation of the issues between the parties and eliminates a judgment, review of which was prevented through happenstance. When that procedure is followed, the rights of all parties are preserved; none is prejudiced by a decision which, in the statutory scheme, was only preliminary." (pages 39, 40)

In the present case, petitioner specifically requested that the appellate court review the finding of misuse and reverse it or, in effect, vacate the summary judgment of misuse. The Fourth Circuit improperly chose not to even consider the question and, contrary to the procedure set out in *Munsingwear,* dismissed the appeal.

II. THIS COURT SHOULD MAKE IT CLEAR THAT SUFFICIENT DISSIMILARITY IS NOT A VALID AND ACCEPTABLE JUDICIAL TEST OF NON-INFRINGEMENT AND THAT PATENTS ARE NOT TO BE NARROWLY CONSTRUED WHERE THE PRIOR ART, THE PATENTEE'S CONDUCT, AND OTHER FACTS DO NOT WARRANT IT.

To establish a case of infringement of its patent, Dubuit was required to show that the accused device has a structure which performs substantially the same function in substantially the same way and accomplishes substantially the same result as that set forth in the claims of his patent. *Graver Tank and Manufacturing Company, et al* v. *Linde Air Products Company,* 339 US 605, (1950); *Sanitary Refrigerator Company* v. *Winters,* 280 US 30 (1929). Such a test is not an absolute to be considered in a vacuum and does not require complete identity for every

purpose and in every respect. Under this test and the doctrine of Equivalents, things equal to the same thing may not be equal to each other and, by the same token, things for most purposes different may sometimes be equivalents. Consideration must be given to the purpose for which an ingredient is used in a patent, the qualities it has when combined with the other ingredients, and the function which it is intended to perform. *Graver Tank and Manufacturing Company* v. *Linde Air Products,* supra, page 609.

The above, specific test of infringement was issued by this Court, and has been followed by the Courts of Appeals for the other Circuits in cases such as *E. H. Brades Range and Foundry Co.* v. *American Engineering Co.,* 109 F.2d 696, (6th Cir. 1940); *Ellipse Corporation* v. *Ford Motor Company,* 452 F.2d 163, (7th Cir. 1971); and, *Black, Sivalls and Bryson, Inc.* v. *National Tea Company,* 445 F. 2d 922, (10th Cir. 1971). In the face of this express and well established law, the Fourth Circuit has, in the present case, without explanation or apparent reason, seen fit to introduce a test which states that a device which is "sufficiently dissimilar" to a patented device will not infringe. The Fourth Circuit did not choose to define the words "sufficiently dissimilar", allowing this phrase to be most logically and easily interpreted as relating to differences in form and appearance. It is well established, however, that except where form is the essence of the invention, it has little weight with respect to the issue of infringement and "similarities" or "differences" are not the touchstone of infringement. *The Union Paper Bag Machine Company* v. *Murphy,* 97 US 120 (1878); *Stearns-Rodger Manufacturing Co.* v. *Ruth,* 62 F.2d 442, (10th Cir. 1932).

The real harm of the Fourth Circuit's "novel" test, however, lies in its application. For example, in the present case, the single issue on infringement involved whether or not the driving cable of the accused device was the structural and functional equivalent of the driver carriage set forth in paragraph (h) of Claim 1 of the patent. (This specific question was not submitted to the jury as requested in lieu of the general verdict form chosen by the trial court.) Under the test announced by this Court, these two elements have an identity of function and an identity of the manner of performing that function, and, therefore, infringement should be found. However, the driving cable of the defendant's device and the driving carriage of the patented device are dissimilar in appearance. Therefore, under the Fourth Circuit test, there would be no infringement.

If the Fourth Circuit test is allowed to stand, it is likely that actions brought on the same patent, against a manufacturer and its customers in different circuits, will end in different results, causing great confusion. The Fourth Circuit's proposed test will reduce the Constitutional protection offered by a patent to one of meaningless form and appearance and convert the patent grant into a hollow and useless thing. Such an undue limitation will simply encourage the unscrupulous to make insubstantial changes and substitutions in a device and thereby pirate an invention. See *Graver Tank and Manufacturing Co.* v. *Linde Air Products Co.,* supra.

The test of infringement announced by the Fourth Circuit in this case is all the more abusive of petitioner's rights in view of that court's assertion that Dubuit's patent, whose validity was not challenged on appeal, *had*

to be given a narrow construction. The basis for such narrow construction is unstated and unsupported anywhere in the record and is completely contradicted by the description of the technological and the commercial success achieved by the patented device, set forth on pages 7-15 of the Brief of Plaintiff-Appellant below, and in the testimony of Louis G. Dubuit, Charles Derrickson, and Melvin Green in the trial court record. The subject patent was a major step forward, if not a pioneer invention, in the screen printing field, and as such is entitled to a broad range of equivalents. *Continental Paper Bag Co.* v. *Eastern Paper Bag Co.,* 210 US 405 (1908). Patents for inventions are to receive a liberal construction and should, if practicable, be so interpreted as to uphold and not destroy the right of the inventor. *Providence Rubber Co.* v. *Goodyear,* 76 US 788, 795 (1870) and *Smith* v. *Snow,* 294 US 1 (1935).

CONCLUSION.

This court should issue the writ of certiorari to review the judgments of misuse and non-infringement, not only to correct the injustice worked on the petitioner, but to clarify the standards for judicial review of questions on appeal and to eliminate the confusion which will otherwise be created by the existence of multiple and divergent standards of infringement. As a matter of diplomacy, it should demonstrate to a French citizen that the much

maligned American system of justice will afford him an opportunity to have the obvious errors and prejudices of a trial court at least reviewed and hopefully corrected by an appellate court.

Respectfully submitted,

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APPENDIX

Opinion Of The Court Of Appeals

UNITED STATES COURT OF APPEALS

For The Fourth Circuit

No. 73-1234

LOUIS GILBERT DUBUIT,

Appellant,

vs.

HARWELL ENTERPRISES, INC. and ROY M. HARWELL, JR.,

Appellees.

Appeal from the United States District Court for the Western District of North Carolina, at Charlotte.
JAMES B. MCMILLAN, *District Judge.*

(Argued June 4, 1973. Decided October 15, 1973.)

Before WINTER, BUTZNER, and FIELD, *Circuit Judges.*

Per Curiam:

The principal issues on this appeal are whether Louis G. Dubuit's Patent No. 3,090,300 for a silk screen printer is infringed by Harwell Enterprises' machine and whether Harwell libeled Dubuit by circulating a proposed complaint for a declaratory judgment disparaging the means Dubuit had employed in obtaining his patent. Both issues were

submitted to a jury, which found neither infringement nor libel.[1] The district judge entered judgment on the verdict. We affirm.

Dubuit protests that the introduction into evidence of Harwell and Yoder's Patent No. 3,545,377 on the accused device was prejudicial. In a pretrial motion, Dubuit's counsel had sought exclusion of the patent, but when it was actually offered as an exhibit during the trial, he said he had no objection. Nor did he object to the court's brief mention of the patent in its charge. Although the patent was not relevant to the issue of infringement, we find no reversible error in this incident of trial.

We find no abuse of discretion on the part of the district court in submitting the case to the jury without the extensive interrogations proposed by Dubuit. And in light of the narrow construction which must be given Dubuit's patent, we conclude that the accused device was sufficiently dissimilar to sustain the jury's finding of noninfringement. *Cf.* Sterner Lighting, Inc. v. Allied Electrical Supply, Inc., 431 F.2d 539, 543 (5th Cir. 1970). We also conclude that the court committed no error in its submission of the issue of libel to the jury and that the evidence pertaining to this aspect of the case was sufficient to support the jury's verdict. We find no merit in the other assignments of error.

Affirmed.

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[1] The jury also found the Dubuit patent to be valid. The court entered judgment on this finding, and Harwell did not appeal.

Subsidiary issues pertained to patent misuse and the measures taken to purge it. The district court summarily adjudged that an agreement between Machines Dubuit and American Screen Process Equipment Company contained a tying arrangement constituting patent misuse. *Dubuit* v. *Harwell Enterprises, Inc.*, 336 F.Supp. 1184 (W.D.N.C. 1971). Whether the contracting parties had purged the misuse was submitted to the jury, which found against Dubuit. These issues have been mooted by the judgment of noninfringement.

Summary Judgment Order Of The District Court

District Court, W. D. North Carolina,
Charlotte Div.

Dubuit et al. v. Harwell Enterprises,
Inc., et al.

No. 2525 Decided Aug. 30, 1971

McMillan, District Judge.

On August 18, 1969, plaintiffs Dubuit, Machines Dubuit and American Screen Process Equipment Company (hereinafter called American) filed this action against defendants Roy M. Harwell, Jr. and Harwell Enterprises. The action is in four counts. The principal count alleges infringement of United States Patent No. 3,090,300, which was issued in 1963 to Louis G. Dubuit of Paris, France, for a "Silk Screen Printing Machine."

Defendant Harwell Enterprises of Gastonia, North Carolina, manufactures printing equipment which is the subject of this suit. The plaintiffs contend that the Harwell equipment infringes the Dubuit patent. However, the defendants point to a contract of November 20, 1962, in which Machines Dubuit makes American its exclusive distributor in the United States, and raise the defense of patent misuse. Because of several provisions in that contract, the defendants contend that plaintiffs have abused their patent monopolies and, therefore, that this court should refuse to grant the requested relief until the effects of the alleged abuse have been purged. Defendants specifically point to the following contract clauses:

> 1. American Screen Process Equipment Co. (called American) is hereby appointed the exclusive distributor of Machines Dubuit (called Dubuit) in the United

States of America for the sale of all equipment manufactured by Dubuit. American accepts such appointment and agrees to act as distributor for Dubuit in accordance with this letter agreement.

2. Dubuit agrees to forward to American all inquiries or orders it receives for Dubuit equipment from customers in the United States. American agrees to forward to Dubuit all such orders or inquiries from customers outside the United States.

• • •

8. American agrees that it will not, directly or indirectly manufacture, import or sell any equipment for direct printing on 3-dimensional objects or accessories therefor, *whether patented or unpatented,* other than the equipment and accessories sold to it by Dubuit under this agreement. [Emphasis added.]

American may, however, supply its customers with such spare-parts which must be tooled at American pitch. American may also manufacture and sell equipment other than for printing on objects, such as lehrs and accidentally its flame treater equipment (for polyethylene objects). It is understood that if such lehr is manufactured in accordance with designs supplied by Dubuit, American will pay to Dubuit a royalty of • • • of the sales price of such equipment.

Defendants contend that the contract amounts to misuse of the patent by means of a "tying arrangement", i.e. an attempt by the patentee to expand his patent monopoly by "tying" unpatented products to his patented products. As here alleged, Machines Dubuit has attempted to limit American's business dealings to the products *"whether patented or unpatented"*, of Dubuit only.

[1] It is settled law that a patentee who utilizes a "tying arrangement" will be denied all relief against infringement of his patent. *McCullough Tool Co.* v. *Well Surveys, Inc.*, 343 F.2d 381, 145 USPQ 6 (10th Cir., 1965), cert. denied, 383 U.S. 933, 148 USPQ 772. See also, e.g. *Morton Salt Co.* v. *G. S. Suppiger Co.*, 314 U.S. 488, 52 USPQ 30 (1942). The law is uniform in protecting the inventor covered by the patent procedure; however, the courts are adamantly opposed to allowing the patentee to use his advantage to secure an exclusive right not granted by the patent.

This defense is fully available, not only to one under license with the patentee but to all parties who are sued for infringement. In *Morton Salt Co.* v. *G. S. Suppiger*, supra, Mr. Justice Stone discussed the policy involved:

> It is the adverse effect upon the public interest of a successful infringement suit, in conjunction with the patentee's course of conduct, which disqualifies him to maintain the suit, regardless of whether the particular defendant has suffered from the misuse of the patent. • • • The patentee, like these other holders of an exclusive privilege granted in the furtherance of a public policy, may not claim protection of his grant by the courts where it is being used to subvert that policy. 314 U.S. 488, 494, 52 USPQ 30, 33.

Thus the defendants have a full defense under the Dubuit-American contract, although they are strangers to that contract. The *Morton Salt* case makes this point clear. For another example of a third party successfully asserting the contract of two other parties in establishing a patent misuse defense, see the *McCullough Tool* case, supra, especially at 404-407, 145 USPQ at 24-27.

The Dubuit-American contract in question here falls within the category of patent abuse. The contract very closely resembles a contract held abusive in *Berlenbach* v. *Anderson* and *Thompson Ski Co., Inc.*, 329 F.2d 782, 141 USPQ 84 (9th Cir., 1964), cert. denied, 379 U.S. 830, 143 U.S.P.Q. 464 (1964), where the contract, in pertinent part, stated:

> Whereas, First Party is presently manufacturing a safety type of automatic releasing ski binding known as Ski Free Safety Ski Binding, and
>
> Whereas, Second Party is desirous of buying and distributing said ski binding throughout the United States and Canada, the parties hereto agree as follows:
>
> 1. For the duration of this Agreement Second Party agrees to buy and First Party agrees that Second Party shall have the *exclusive right* to sell and distribute said safety ski binding, together with any improvement that may be added thereto by First Party with the approval of Second Party, throughout the United States and Canada. First Party agrees to take all steps necessary to patent and otherwise safeguard against any encroachment upon the trade name or design of said binding. [Emphasis added.]
>
> • • •
>
> 4. It is understood and agreed that during the term of this agreement, or any extension thereof, Second Party shall not manufacture or distribute in the United States and Canada any other safety type or automatic releasing ski binding other than that manufactured by First Party, together with any improvements developed by First Party and approved by Second Party.

[2] In both the present case and the *Berlenbach* case, the contracts cover exclusive distributorships and prohibit the manufacture and distribution of any equipment which would compete with the patentee's goods, whether or not such equipment were covered by a valid patent. The Court in *Berlenbach* decided that the existence of such contract provisions, even if not enforced by the patent holder, constituted patent misuse. Therefore a motion for summary judgment was granted to the defendant.

As in *Berlenbach*, the patentee has here rendered his patent unenforceable by attempting to extend his patent coverage beyond its permissible scope. Like Aesop's dog, he seeks to take in too much, and must lose what he already had. The contract contains a "tying arrangement" which constitutes patent misuse. Defendants' motion for summary judgment is accordingly granted.

Decision And Order Of The District Court

District Court, W. D. North Carolina,
Charlotte Div.

Dubuit et al. v. Harwell Enterprises,
Inc., et al.

No. 2525 Decided Oct. 26, 1972

McMillan, District Judge (charging the jury).

Members of the jury, you have heard the arguments of counsel and you will consider them as they help you to understand the evidence and the contentions of the parties. Neither what they say nor what I say is evidence, but it's to help you in considering the evidence and making up your minds.

• • •

The patent law, unfortunately, does not have clear answers to any of the questions that you're going to have to give clear answers to. The patent statutes somewhat pass the buck to the court and jury to make the difficult decisions. I will read some of the pertinent portions of the patent law.

Section 101 says: Whoever invents or discovers any new and useful process or machine or any new and useful improvement thereof, may obtain a patent.

Section 102 says: A person shall be entitled to a patent unless the invention was known or used by others in this country or patented or described in a printed publication in this or a foreign country before the invention by the applicant, or if the invention was patented or described in a publication in this or a foreign country, or in public use or sale in this country more than a year before the date

of the application for patent in the United States, or if the invention was described in a patent granted on application for patent by another filed in the United States before the invention by the applicant, or if the applicant did not himself invent the subject matter sought to be patented, or if before the applicant's invention the invention was made in this country by another who had not abandoned, suppressed or concealed it.

Section 103 says: A patent may not be obtained even though the invention is not identically disclosed or described as set forth in Section 102 if the differences between the subject matters sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

[1] On the question of damages, if you reach the issue of damages on the patent issue, the measure of damages is damages adequate to compensate for the infringement but no less than a reasonable royalty for the use made of the invention together with interest and cost as fixed by the Court. That basic rule of damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer.

You will have seven issues to answer, seven questions, and to be sure that I tell you this at one time, I will tell you now that the burden of proof is on the defendant on issue No. 1 and issue No. 6. The burden of proof is on the plaintiff on issues Nos. 2, 3, 4, 5 and 7. The burden of proof is simply the burden of satisfying you that a thing is so or more probably so than not. You don't have to be per-

fectly satisfied nor convinced beyond a reasonable doubt in anything involved in this case; but the ordinary burden of proof is simply the burden of satisfying you by whatever evidence does satisfy you that a thing is so; not by number of witnesses, but by just convincing power of the testimony. It doesn't make any difference from which source or from whose lips the evidence comes. You can consider evidence for or against the man who offers the testimony.

The first issue—if you read it carefully it won't confuse you, if you don't read it carefully, it will confuse you. As you have heard the lawyers argue, there is a presumption that a patent when issued is valid and, as the lawyers correctly argued, there is a presumption that the Dubuit patent is valid and belongs to him, and there's a presumption that the Harwell patent on the Harwell machine is valid and the patent belongs to Harwell and Yoder.

[2] If a person seeks to upset a patent, he has to do it by clear and convincing proof. This is not the same thing as proving somebody guilty beyond a reasonable doubt as in a criminal case, but it means that the evidence has to be clear and has to convince you. On issue No. 1 you've got that degree of proof. The issue says: Is United States Patent No. 3,090,300, issued to plaintiff Louis Gilbert Dubuit, invalid? In other words, is the patent sour or invalid?

The burden of satisfying you by clear and convincing proof that the patent is not valid, that burden is upon the defendant because of the presumption that I mentioned a while ago. You have heard the testimony and the contentions of the parties. I will make no effort to reargue the case on this or any other point, but in substance the plaintiff contends that this is a new and useful invention;

that it's a combination of old and new ideas that produced noticeable improvement in the art and it's an advance over prior art which entitles plaintiff to this patent; that the patent was lawfully issued and correctly so by the Patent Office; that it brings a new capacity of convertibility and flexibility to an old art; that it has convertible features dependent on the double parallelogram idea and practice; and that it is unique in that it is immediately convertible and that the squeegee raises faster than the screen for purpose of this particular printing process and that this is a notable first advance made by plaintiff; and that on this basis you should find without serious question that this is a patentable and properly patented invention that was invented by Dubuit and that you should answer this first issue no.

The defendants, who have the burden of proof, say to the contrary. They point to the testimony that there are seventy-five to a hundred silk screen printing machines on the market. They point to Mr. Derrickson's testimony that there are dozens of these machines that are convertible from printing on a flat object to printing on a solid object; that the parallelogram was not invented by Dubuit or Malone or Valentine, whoever invented the machine. They contend that the man who drafted it, who designed it was really the inventor and although Dubuit knew what he wanted to accomplish, he wasn't the one who accomplished it; and they contend that the patent was issued to the wrong man; that it doesn't describe anything new.

They say that the double parallelogram is not an idea new to Dubuit; that everything in it, as the lawyers argued, was something that would be obvious to a person reasonably skilled in the art; and that although you presume that a patent is valid until serious challenge is made, that the

challenge they have made to this device, this idea and to the claims of this patent, do present clearcut evidence, they contend, that the device, the design, the principles were all known and obvious; that it's not really a patentable object; that it was covered by prior art; that it was not brought through the Patent Office with the examiner having a clear knowledge of the prior art; and that, in effect, it's nothing new that ought to be made the basis of a seventeen year monopoly in this country in favor of the applicant and the patent holder, Mr. Dubuit.

Well, these are some of the contentions by the plaintiff and some of the contentions by the defendant and the burden is upon the defendant to satisfy you by clear and convincing evidence that the patent is invalid, that it is not a legal monopoly and that anyone else is free to use these items in this patent rather than being subject to a monopoly for the statutory period on behalf of the plaintiff.

If, with the burden of proof being as I have stated on this issue, you find that the patent was invalid as not conforming with the law which I read to you and as not importing, I believe new and useful—I've forgotten the nature of the language—not being a new and useful machine or new and useful improvement on a machine within the terms of the patent law, then you would find in favor of the defendant on this first issue and would answer that issue yes. If you fail to so find, you would answer it no.

The second issue reads this way: Has the plaintiff purged the misuse of the patent? The background for that question very briefly is this and the evidence shows these things; that the plaintiff, the patent holder, made an agreement with American Screen Process Co.—that's Mr. Green's out-

fit—to be the United States distributor of this D-150 and paragraph 8 of that agreement said in substance that American was not free to manufacture, import or sell any equipment for direct printing on three-dimensional objects or accessories therefor, whether patented or unpatented, other than the equipment and accessories sold to American by Dubuit under this agreement, and there were some other matters covered by paragraph 8 also.

Now, a patent is a monopoly for a limited time. It is designed to protect the inventor but, being a monopoly, it is required that it be handled in due regard for law. And under the law this Court found and an order was entered in August of 1971 [171 USPQ 550] that this agreement that I have just read, paragraph 8 of the agreement between Dubuit and American Screen Process, was an unlawful agreement with the effect that while American Screen Process was inhibited by this agreement, the patent could not be enforced in this country.

And so ruling was made that that was misuse of the patent and as long as that misuse existed, the patent could not be enforced in the United States.

Well, you will remember the testimony that later the parties got together or corresponded about it—I don't remember how—and agreed that they take out paragraph 8 but it would come back into effect automatically if they got this ruling reversed on appeal; and then later a letter was written by counsel for the American Screen Process and Dubuit April 25, 1972, which I think was read to you—that's Exhibit F of the defendants—which transmitted an amendment which eliminated paragraph 8 and which points out, as you remember reading, that the whole agreement could be cancelled on notice on a year to year basis and

this wasn't really very important and that the parties can further amend the agreement to reinstate paragraph 8 when the Court finds it does not constitute a patent misuse.

[3] The burden is upon the plaintiff, the patent holder, to show that this misuse has been eliminated or purged, as the saying sometimes goes, the burden to satisfy you that that misuse has been eliminated, and the plaintiff says that since it was the existence of the agreement, which Mr. Green said they paid no attention to and Mr. Dubuit said they followed carefully, since it was the existence of the agreement which invalidated the patent as long as that agreement existed, that the misuse has been cured by eliminating paragraph 8 and that you should answer the second issue yes.

The defendants say they haven't really cured the misuse; that an effort was made by the defendants to set up an arrangement with Machines Dubuit * * * or rather with American Screen Process for the distribution of the defendant's machine after this took place and that the response came from a lawyer instead of from the dealer and said they weren't interested, or you'll remember what the correspondence was. They contend that, in fact, there has been a continuation of the restriction that Dubuit imposed on the local United States distributor and that you should not find, with the burden being on the plaintiff, that the misuse has been purged. Without further discussing that, if you find that Dubuit and American Screen Process are no longer subject to this agreement nor living by it and that there is no restriction in fact on the American Screen Process trading with anything they want to, whether Harwell or some other kind of competing equipment, and that there is no longer any misuse of the agreement by that

restrictive clause, then you would answer the second issue yes. If you fail to so find, you would answer it no.

The third issue: If so—that is, if the misuse has been purged—of course, if you answer the second issue no, you'd skip several issues down to No. 5. But if you answer the second issue yes, that is, if you find there has been no misuse of the patent since May of 1972, you'd then go to issue No. 3 which reads this way: If so, have the defendants infringed the patent in respect of: (a) Claim One? (b) Claim Four?

[4] When you get to this issue, if you do, you will deal with the question of infringement which means, in other words, have the defendants just copied the plaintiff's machine in any significant patented particular and you remember a lot of evidence on this. You saw the two machines, which I believe the testimony would support the finding that the plaintiff's machine was built generally in accordance with the claims of the patent. Your guide is not what the machine did or is but the claims of the patent, which you may use the machine as you saw it to illustrate what the claims represent, if they do so illustrate.

[5] The plaintiff says that in substance the defendants have copied all of the essential elements of claim 1 of the patent and that, having copied these elements, they are infringing and should pay damages for that infringement. The plaintiff contends that the system of four parallel shafts in the upper assembly is a new and useful improvement; that the cable, which is in the defendant's machine in lieu of the fourth shaft, really does the same thing; that there is a doctrine they call the doctrine of equivalents which says that if you come up with something that does essentially the same thing in substantially the same way

by substantially the same means, then it is an infringement even though it may not look like the original idea and that under this theory of equivalents that the defendant's invention is about equal to the plaintiff's and that the purpose of the patent law ought to be carried out by holding that the defendant's machine does infringe.

[6] If you find that's so, you would answer this issue as to claim 1 yes. The burden on issue No. 3, both parts of it, of course, is upon the plaintiffs.

The plaintiff says that the defendant's machine copies the double parallelogram arrangement, it copies the mounting of the squeegee on the pair of bars, that it's mounted on that, that it copies the power source going back and forth across one of the bottom members, that it copies the clevis, which is used to switch from up to flat, from vertical to horizontal in order to switch from driving the screen to driving the squeegee, and vice versa, and that these unique features of the plaintiff's invention have been flagrantly violated by the defendant's device; and that although the defendant's device looks different because it's got the machinery, some of it under the counter instead of on top of the counter, that in substance it does the same thing and that you should find that the defendant's device does violate the plaintiff's patent.

The defendants contend that a cable is not a shaft and they point to the numerous definitions in the unabridged dictionary, none of which they contend comes anywhere close to describing a cable. They point out that the cable doesn't support * * * that the cable is not supported on any shaft; that the cable runs through some holes in the end of the machine but doesn't by design rub against them except when it's subject to some unusual stress or long stroke;

that the cable does not slidably connect with anything; that there's a clamp which actually moves the clevis back and forth and that that's either clamped to it or not but it doesn't slide on the cable and that the cable doesn't slide on any part of the shaft; that even if you considered it to be a shaft, it's not connected to the top member in the fashion described in the patent; that they contend that in order to get a patent at all Dubuit had to change the claim at the Patent Office to describe four parallel shafts. All of these contentions you will remember. They contend that all these things had all been done in numerous machines before. They contend that there are dozens, according to Mr. Derrickson, of machines that could be converted from flat printing to solid object printing and that Dubuit didn't invent the clevis, it had been on lots of things, trucks and plows and many other things long before he came along, and didn't invent the parallelogram nor the idea of having two parallelograms. They pointed to the other previous patent applications that had shown parallelograms.

You will remember the various contentions of the parties and you will remember from the evidence what the similarities are and what the differences are of these two machines and will make up your minds whether the machine that the defendants are producing is a violation of the patent of the plaintiff as set out in the claims of the patent and if, with the burden being upon the plaintiff, you find that the defendant's product is a violation of claim 1, you will answer (a) yes; otherwise no. If you answer claim 1 yes, you then go to claim 4, but if you answer claim 1 no, you would not go to claim 4 because that would end the question of whether there is infringement. But if you answer claim 1 yes, you would then go to claim 4, which you will remember what claim 4 is. It's a portion of the same claims

that are set out in claim 1 and, without special request from the parties, I will not undertake to read claim 4 except that it does relate generally to the mounting of the squeegee on the second parallelogram at the front of the machine. Is that a correct statement, gentlemen?

Mr. Wagner: That's correct, Your Honor.

Court: And you will remember that the burden on claim 4, that is, issue 3(b), is on the plaintiffs to satisfy you by the greater weight of the evidence that in respect to claim 4 there has been a violation by the action of the defendant. If the plaintiff has so satisfied you, you would answer 3(b) yes; otherwise no.

[7] The fourth issue is damages: What damages, if any, is the plaintiff entitled to recover for infringement of the patent? I read you the rule that deals with damages and, here again, the burden is upon the plaintiff to satisfy you as to the amount of the damages, if any, which the plaintiff has sustained by virtue of such infringement as you find. The rule of damages is—I'll read it to you again since we're talking about that. Damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the Court.

Now, the evidence from which contentions arise about damages are, of course, first, that no damages on any theory would be assessed by you for the period before the 12th of May, '72 and after that, if you have answered the issue of misuse in favor of the plaintiff and issues of infringement in favor of the plaintiff, you'd then go to damages covering a period after May 12, 1972, and be governed by that rule that I have again read to you.

You will recall the evidence about the sales that the defendants have made since that time. You will recall the testimony of Mr. Dubuit that he had sold something like 3000 D-150's. The Court does not recall any testimony as to sales of D-150's in the United States. You will recall the testimony that the markup or profit elements in the Harwell operation was 50% or $2200.00—I've forgotten what it was—per machine and the further testimony that that was just cost of the goods and did not include allowances for selling and some overhead expenses.

The Court does not recall any testimony as to loss of sales by the plaintiff in the United States or elsewhere. You will recall whatever the evidence may have been, if you recall such evidence. The Court also does not recall any evidence as to what would be a reasonable royalty, if you get to this issue. It will be for you to determine based upon what you remember the evidence to be and what you find the damages to be, if you reach this issue of damages; and again the burden of proof is upon the plaintiffs to satisfy you as to the extent of the damages which the plaintiff has sustained.

The fifth issue is the libel issue: Did the defendants publish a false and defamatory statement about the plaintiff Dubuit by the mailing of the copy of the proposed complaint to Melvin Green? As a matter of law, the mailing of this paper to the lawyer under the circumstances would not be wrongful even if it was false and defamatory and the Court also instructs you that as a matter of law the mailing of the paper to the plaintiff himself by the defendant attorney would not be actionable even though false and defamatory. Your problem will be whether the mailing to the third party Green gives rise to a cause of action for

damages. And if Green is a third party in the sense that you must have a defamation published to a third party, then there was defamation in this case and nominal damages, at least, would flow from the publication because to accuse a person of false oath is a defamatory action.

The defendants say that you should not find that there was a publication because everybody was involved in what was obviously going to be a lawsuit and that the defendants were threatening a lawsuit, had drafted one actually, and that the publication of this to plaintiff's lawyer Mosely and to the plaintiff himself and to Green, who is a plaintiff in the case or was until during the trial, and who was the agent of Dubuit for sales and for dealing with litigation, should be a privilege and you ought not to get beyond that proposition in dealing with this question of issue No. 5. The defendants also contend that the statements made were true; that, in fact, there were other inventors, particularly Valentine who was a draftsman and who did all or substantially all of the work except one sketchy drawing, one of which you saw in evidence; and that, in fact, the assertion in the patent that this was something new were just not correct and that from the evidence you should find that Dubuit knew or should have known there had been prior German patents and the Klump Patent and the Schick Patent and the others dealing with these same essential matters of a double parallelogram and the squeegee operation. In other words, they raise truth as a defense and it's for you to say first, whether there was a false statement and if you find the statements to be false, then they were in law defamatory and if circulated beyond the proper sphere, they would be and are defamatory and would give rise to nominal damages, at least. If you find that the statements were false and defamatory and were made to

Green, published in that fashion by the defendants, if you find that to be the case, then you would answer the fifth issue yes; otherwise no.

This would bring you to the sixth issue which is related to the fifth. If so—that is, if this was a technical libel—was the publication of said statement privileged? And the publication, as I say, would be, that is the question whether under the circumstances the defendant had a privilege to communicate this proposed complaint to Mr. Green. The general principle which would apply is whether Mr. Green was a person who reasonably appeared under the circumstances to have some duty or some interest or some authority in connection with this matter. On that subject you will recall that although Green is not in the case any longer because he's not involved in any of the continuing issues, he was the American distributor, or his company was for the plaintiff. He was an agent of Mr. Dubuit to deal with this controversy about the patent. You will remember Mr. Dubuit's testimony on that subject. He was himself a party to the threatened lawsuit, he was being represented by the same lawyer and as the letter from the lawyer Mr. Mosely to Mr. Wagner indicated, he had received a copy of Mr. Wagner's most recent communication about the subject and it will be for you to say, with the burden being upon the defendant, whether communication of this proposed suit, saying what it did along with other things about the proposed suit, whether publication of this letter to Mr. Green was privileged as being to a person who reasonably appeared to have some duty or interest or authority to deal with the subject.

The defendant contends further that his interest and authority is illustrated by the fact that eventually, a month

or six weeks later, he sent it to Dubuit, who under the evidence had already been mailed a copy by Mr. Dominik.

So if, with the burden being upon the defendants, you find that the publication of this statement was privileged, as I have indicated, you would answer issue No. 6 yes; otherwise no.

The seventh and last issue is: What damages, if any, is the plaintiff entitled to recover for the mailing of the proposed complaint to Melvin Green? In this case, a person who is made the subject of a libel or slander is entitled to recover the damages that flow naturally and directly from that action and is entitled to recover for such sufferings of mind and body as are proximately caused by the wrongful act of the defendant, and this would embrace such damages as you find may have resulted from mental anguish or pain and suffering or medical ailment or doctor bills or attention or permanent or temporary disability and inconvenience as were directly and proximately caused, in your finding, by the wrongful acts of the defendants.

Now, if you have found that at this point this statement was unlawfully published, since it is, if false, a libel per se, you would award nominal damages as a matter of course, just a dollar or two or some small sum, whatever you consider to be nominal damages. But on the question of actual damages, you're not limited to nominal damages and you would find on this question such damage to reputation or to mind and body or pocketbook including loss of sales that were caused by the wrongful act of libeling the plaintiff.

On this question the plaintiff says he has lost a lot of sales; that he was rendered real sick by this thing; you will remember whatever the testimony was about whether

he did or did not see a doctor and you will go by your own recollection as to what, if any, damages the plaintiff sustained, either in loss of business, loss or reputation or in the mental or physical or emotional pain and suffering. But in your dealing with this issue, if you reach it, your consideration would not embrace any damages that might come from the plaintiff himself receiving a copy of this from the defendant's lawyer. It would have to come from whatever damages naturally flow from the publication of the alleged libel to Mr. Green.

The defendant says that Green sent it on to the plaintiff. The plaintiff said he doesn't remember who he got it from. It will be for you to say what the damages, if any, were from transmittal by Green to the plaintiff, if you reach this issue. Green himself, you'll remember, wrote expressing some concern over the infringement problem but saying nothing about the slander except it was, as he put it, the sort of stuff you often see in complaints. If the plaintiff has satisfied you that he was damaged by this communication of this material to Mr. Green, you will then answer issue No. 7 in whatever amount you find those damages were that were directly and proximately caused by the wrongful acts of the defendant.

Publication of this defamation by Green or by the plaintiff to other people would not be considered by you in any deliberations about damages.

Ladies and gentlemen, these are the instructions that the Court gives you about the consideration of the issues. We've got more issues than usual and I have taken a little longer than I usually do for these instructions. It will be for you to answer all these questions on your recollection of the evidence as you find the truth to be.

If I may see the lawyers and Mrs. Berger over here. The following is taken out of the hearing of the members of the jury:

Mr. Wagner: The matter of misuse relates only to damages. It doesn't bear on the question of whether it infringes. We would like them to answer the question since we have tried as to infringement and then say they cannot recover anything if they don't find that the misuse has been purged. We hate coming back and trying the case all over again on the issues of validity and infringement.

Mr. Dominik: Furthermore, if they should answer it's invalid, they don't have to go to anything else. On appeal if it's reversed, we'll have to retry issues 2 and 3.

Court: All right.

Mr. Wagner: One more thing. On behalf of the plaintiff we would like an instruction on Section 116 of the patent statute which is the section specifically applying to joint inventors. I believe this is the contention in the closing remarks, that Valentine was a joint inventor. The law in the Fourth Circuit in the case we cited, the Court of Appeals has ruled you do not determine a patent is invalid if you find there is a joint inventorship situation. Under Section 116 and Section 256 of Title 35, you have a right to correct these things before the Patent Office.

Court: For how long?

Mr. Wagner: To determine there was a deceptive intention, any time within seventeen years you can correct.

Mr. Dominik: If that's the case, we want it made clear we assert there was a deceptive intention.

Mr. Wagner: You covered that in your closing remarks.

Court: As I understand it, you want an instruction that if they decide the question whether there was one or two inventors that would only be relevant on the questions of defamation.

Mr. Wagner: I think that probably is correct. No, not on the question of defamation because they said he was not the inventor.

Mr. Dominik: Not the sole inventor.

Mr. Wagner: Plaintiff's Exhibit 8 would be correct.

Court: What is the instruction that you want?

Mr. Wagner: My instruction is that if they find Valentine is a joint inventor that they may not find the patent invalid unless they determine there was deceptive intention on Dubuit's part to not name him as an inventor.

Mr. Dominik: I'll buy that.

Court: On the first issue?

Mr. Wagner: Yes.

Mr. Dominik: Yes.

Court: The burden of proof is backward on that issue.

Mr. Wagner: No, no, they have the burden of proof.

Mr. Dominik: We have the entire burden.

Mr. Wagner: One more thing. We would also like an instruction on Section 126, subsection 2 of the Smith Hurd statutes which defines libel and slander under the laws of Illinois which was the situs of the communication to Mr. Green.

Court: I don't think I'll go into that. It hasn't been called to my attention.

Mr. Wagner: I submitted it to the Court's attention the other day. There is a copy on Mrs. Berger's table.

Court: Whatever it says, unless it would exonerate the defendants, is covered by this statement, if false, was libel per se.

Mr. Wagner: I'm on the record. That's the text of the statute, your Honor. You can make your own determination from that. Thank you.

Whereupon, the following was back before the members of the jury:

Court: Two further matters, ladies and gentlemen. You will recall the contentions of the parties on the matter of patent validity; that Mr. Dubuit was not the sole inventor. This, of course, has to do with the later issue or question of whether the charge that he made a false statement was correct or not.

I ought to issue further instruction on issue No. 1. I've forgotten the number of the section.

Mr. Wagner: Section 116, I believe, Your Honor. It's entitled joint inventors. The other pertinent section is 256.

[8] Court: The further instruction is that if there was a failure to list all of the persons who were joint inventors, if you find there were such, this would not invalidate the patent and upon application, another inventor could be added unless there was a deceptive intention on the part of the one who filed to leave out or conceal the question of the additional person who was an inventor. I would appreciate it if counsel would each separately but briefly state his position on this subject. Mr. Wagner, suppose you state yours.

Mr. Wagner: Thank you, Your Honor.

May it please the Court, members of the jury, as I said in my summarizing remarks, Section 116 of Title 35 provides if, for inadvertence or mistake, an inventor was not named on a patent, that the inventor can take his patent back to the Patent Office and say through mistake I should have joined Mr. Jones, Mr. Valentine, Mr. Malone, whoever it happens to be, and the patent will issue, another patent, in the names of the joint inventors, and this is the reissue of the patent with the correction in it. It's what we commonly call reissue patent and that Section 256 of the patent statutes is what provides for this right. They say it's basically that section and the decisions of the Court of Appeals of this circuit say that it would be unfair to invalidate a patent for a mistake that inadvertent. Therefore, the right is given to the inventor to go back if he subsequently finds out or determines that there was an error in who was named as inventors in the patent.

Court: And the contention of the defendants on that subject is what, Mr. Dominik?

Mr. Dominik: It's the position of the defendants that in the case of a joint invention, the patent should be obtained by the joint inventors and that a patent, if it's granted to one of the joint inventors as the sole inventor, would be void. We further take the position that the conception of the entire device may be due to one of the inventors, one of the individuals, but if another one makes suggestions of practical value which assisted in working out the main idea, making it operative, or contributed an independent part of the entire invention which is all united in the final product, then that person is a joint inventor, even though his contribution be of minor importance and

perhaps the application of an old idea. On the evidence it's our position that Mr. Valentine worked arm in arm with Mr. Dubuit through the entire development of the D-150 and that all of the final drawings which resulted in the machine, which resulted in the patent in suit, were made solely and exclusively by Mr. Valentine and on that basis he was clearly a joint inventor on the basis of the law as we understand it. As to the deceptive intention, I believe that was made quite clear and that Mr. Dubuit had a private deal with Machines Dubuit so that he, Mr. Dubuit, personally got the royalties from overseas manufacture of anything pursuant to this invention and it's our position that Mr. Dubuit purposely left Mr. Valentine off the patent application and off the patent so that he, Dubuit, could keep a hundred percent of the royalties and prevent Mr. Valentine, who is Director of Research, from sharing in the royalties.

Mr. Wagner: Your Honor, if you please, I'd like to——.

Court: Gentlemen, it's not necessary to have any more statements of contentions. It will be a question for the jury to say whether there was another inventor, whether his name was left off the patent, whether it was done with deceptive intention or not, and if it was done but without deceptive intention, then the plaintiff would be entitled to amend to list him as a co-inventor. If it was done with deceptive intention, then the plaintiff would not be allowed so to amend.

The second thing that I wanted to call to your attention is that you are to answer the first issue, the second issue and the third issue. If you have answered any of the first three issues in favor of the defendants, you would not answer issue No. 4. But if you have answered the first three

issues in such a way that damages are in order, you will then answer issue No. 4. And then you will answer issues 5, 6 and 7.

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[9] Looking at these issues, I thought you might need some slight clarification on the first and second issues so I wanted to tell you this, that misuse, which is the second issue that you'll be dealing with, does not have anything to do with validity of the patent, that is, whether it's a validly issued patent or not. It does not invalidate a patent that has been properly issued but it just suspends for the duration of the time of misuse the patentee's rights to enforce the patent or derive benefit from it. So a simple way to deal with the issues is to answer issue 1 first, before you get to thinking about misuse.

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Foreman: Your Honor, we would like to have No. 1 and No. 2 clearer, just a little. We just can't get quite the meaning of the two.

Court: Well, they're separate questions. You deal with No. 1 without reference to No. 2, as I told you, and just answer No. 1 first and then go to No. 2. As I told you, the burden of proving the invalidity of the patent is upon the defendants by clear and convincing evidence, and in deciding that you will consider all the testimony that bears on that subject. Do you have any specific questions? If you want me to answer the question, I'm not going to do that. That's your job. But if you have a particular question about the law or the procedure, I'll try to spill some more of my ignorance and help you that way. Was there any specific question?

Foreman: Pertaining to the patent, we're confused on that, whether it's valid or invalid.

Juror: Sir, as to whether he was the sole inventor.

Court: Well, you'll just have to remember all the testimony and make your own decision about that. I don't believe I ought to try to summarize the testimony again. It may be you're asking a question I don't quite hear yet.

Juror: I think there was a rule you gave us.

Court: Are you talking about the last instruction I gave? Well, the statute, part of which was read or summarized to you, says that if—as I remember it—that the patent is not necessarily invalid because it's got more than one inventor and that if the omission of one inventor was not with any bad intent, you can come along later and get another inventor added. But if the omission of one of the inventors was with a deceptive intent, to deceive on the part of the one who had the patent issued, then the inventor would not be entitled to have someone else added to correct the record. The basic question of validity is whether the patent does describe a new and useful process or machine which would not be obvious to one skilled in the trade, familiar with the prior art, things like this that had been built before or done before. I don't know whether I'm helping you or not. I'm trying not to confuse you.

I'm going to say something which I think may or may not be what you're trying to figure out. The basic validity of the patent—your first question is whether the claims of this patent describe something which is a new and useful improvement or creation, new and useful machine or process. That is the major question that you deal with. Now, the subsidiary question, the later question as to whether

there was a truthful or an untruthful claim made about who was the sole inventor, this is not the major question about patent validity because the validity of the patent is an intrinsic thing which is dependent on whether it describes a new and useful machine or process or invention of some type. And the rights of the patentor to make use of it can be affected by whether he has made a deceptive omission, for example, of somebody who has helped do it and be affected later by misuse, for example. But these are questions that I think are separate from and incidental to the basic question of whether the patent is a good patent or not.

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Again, the question of whether the patent describes something sufficiently new that the inventor ought to have a seventeen year monopoly, that's the basic question on issue No. 1. Once you answer that, you get into questions of misuse and infringement which are what a lot of the evidence involved. If you keep those questions separate in your mind, I think you'll have a little less confusion about it.

JUDGMENT

This Action came on for trial before the court and a jury, Honorable James B. McMillan, United States District Judge, presiding, and the issues having been duly tried and a jury having duly rendered its verdict upon the issues as follows, viz:

1. Is United States Patent No. 3,090,300, issued to plaintiff Louis Gilbert Dubuit, invalid?

Answer: No.

2. Has the plaintiff purged the misuse of the patent?

Answer: No.

3. Have the defendants infringed the patent in respect of:

(a) Claim One?

Answer: No.

(b) Claim Four?

Answer:

4. What damages, if any, is the plaintiff entitled to recover for infringement of the patent?

Answer: No.

5. Did the defendants publish a false and defamatory statement about the plaintiff Dubuit by the mailing of the copy of the proposed complaint to Melvin Green?

Answer: No.

6. Was the publication of said statement privileged?

Answer: No.

7. What damages, if any, is the plaintiff entitled to recover for the mailing of the proposed complaint to Melvin Green?

Answer: None.

It is, therefore, Ordered, adjudged and decreed, as follows:

1. That United States Patent No. 3,090,300, issued to the plaintiff Louis Gilbert Dubuit, is not invalid;

2. The plaintiffs have not purged the misuse of United States Patent No. 3,090,300;

3. The defendants have not infringed United States Patent No. 3,090,300 in respect to Claim One;

4. The defendants did not publish a false and defamatory statement about the plaintiff Dubuit by the mailing of the copy of the proposed complaint to Melvin Green;

5. The plaintiffs are not entitled to recover any damages of the defendants, or either of them, on any count in the complaint filed herein;

6. Plaintiffs' demand for injunctive relief as demanded in Paragraphs (A) and (H) of the complaint is denied;

7. Plaintiffs are denied all affirmative relief demanded in the prayer for relief in the complaint, as set forth in Paragraph (A) through Paragraph (K), inclusive;

8. Plaintiffs' prayer for relief and all charges contained in Counts Three and Four of the complaint herein related to slander and unfair competition are hereby denied, the same having been denied prior to submission to the jury.

9. Defendants' counterclaim is hereby denied, the same having been denied and not submitted to the jury.

10. Plaintiffs' motion to amend its counterclaim to state a cause of action pursuant to 15 U.S.C. 14 is denied and the issue of damages flowing therefrom was not submitted to the jury.

11. The costs of this action incurred by the defendants are hereby taxed against the plaintiffs.

Order Of The District Court On Motion To Purge Misuse

District Court, W. D. North Carolina, Charlotte Div.

Dubuit et al. v. Harwell Enterprises, Inc., et al.

No. 2525 Decided Aug. 3, 1972

McMillan, District Judge.

A hearing was conducted on July 24, 1972, with all parties represented by counsel.

1. Plaintiffs moved on May 17, 1972, to set aside the previous summary judgment in favor of the defendants on patent infringement, and in support of this allege that the patent abuse which the court found to exist has now been purged, and that therefore plaintiffs are entitled to proceed in the normal fashion with showing of patent validity and infringement by the defendants.

Whether the abuse has been purged is essentially a question of fact which will not be decided at this time.

[1] It is the intention of the court to try the case substantially upon the original pleadings; however, rather than allow plaintiffs to proceed directly to prove patent validity and then infringement, the plaintiffs will be required to make a prima facie showing by evidence at the trial that the abuse has been abated or purged; if such prima facie showing is made during the plaintiffs' case, the plaintiffs will be allowed thereafter to present proof of patent validity and infringement; otherwise, not.

It would appear that the question of patent validity will have to be tried even if plaintiffs fail to make such prima

facie showing of abatement of abuse, because defendants will find it necessary to establish invalidity of the patent as that might bear upon the issues of libel and slander.

Final determination whether to set aside the original summary judgment will, in effect, be made by the trier of fact (court or jury) when the trier of fact decides on all the evidence whether the abuse continues or has been entirely abated.

2. The motions of the plaintiffs for summary judgment and other motions included in the plaintiffs' filing of May 30, 1972 are upon motion of plaintiffs allowed to be withdrawn by the plaintiffs without ruling of the court, except that the court will not hear motions of this or similar nature at any future time in the case until after all of the evidence bearing on the matters covered by these motions has been heard at the trial. The court makes no ruling at this time on the admissibility of these motions and any supporting documents as evidence at the trial. They will remain as filed, but will simply be deemed withdrawn as far as requiring court action is concerned.

3. Defendants on April 4, 1972, filed a motion requiring plaintiffs to produce certain documents, that is, correspondence between plaintiffs and their counsel. Plaintiffs' responses assert the attorney-client privilege. As to correspondence between or among the individual Dubuit, Machines Dubuit, and American Screen Process Equipment Company the motion is allowed. As to correspondence or other communications *addressed to counsel* or *signed by counsel,* copies of which were not delivered to any other persons, including other plaintiffs, the motion is denied. Counsel for plaintiffs is directed to bring to the trial and display

to the court all documents which he considers to be privileged under this ruling, and to deliver to counsel for the defendants all documents which he does not consider to be privileged under this ruling.

4. The case will be tried before a jury on all issues, unless after the evidence on liability has been taken the court then decides to have a reference or other handling of the damages issues.